

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
July 5, 2016

Directors Present: John Jeter, President
Bill Dickson, Vice President
Mary Ann Melleby, Treasurer
Blair Ball, Director
Ron Duncan, Director
David Fenn, Director
Leonard Stephenson, Director

Staff Present: Jeff Davis, General Manager
Jeff Ferré, General Counsel
Thomas Todd, Finance Manager
Cheryle Rasmussen, Executive Assistant

1. **Call to Order, Flag Salute and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President John Jeter at 7:00 p.m., July 5, 2016 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of the Agenda:** *President Jeter asked if there were any adjustments to the agenda.* There being none the agenda was adopted as published.
3. **Public Comment:** *President Jeter asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency.* Eric Fraser (General Manager BCWWD) stated that he wished to speak during items 6A and 6B. There were no other members of the public that wished to comment at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, June 20, 2016
 - B. Approval of the Minutes of the Finance and Budget Workshop, June 27, 2016
 - C. Approval of the Finance and Budget Workshop Report, June 27, 2016
 - D. Approval of the Recommendations made at the Board Finance and Budget Workshop, as set forth in the Finance and Budget Report, June 27, 2016

Director Duncan made a motion, seconded by Director Stephenson, to adopt the consent calendar as presented. President Jeter requested a vote. Motion passed 7-0.

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **A.** The Agency delivered a total of approximately 1207 acre-feet for the month of June. Pumping is continuing 24 hours a day, seven days a week. **B.** A shutdown will take place at Crafton Hills Pump Station later this month in order to implement the startup testing of the pumps. **C.** Hardware and software changes have been at Noble Creek upgrading the connection to deliver more water.

(2) General Agency Updates: **1) SGPWA's UWMP:** Scheduling update: UWMP to be completed in October. **2) Delta Compliance Committee Meeting:** The SWC staff has worked with DWR to form a new Delta Compliance Committee to review all Delta regulatory efforts related to SWP operations. **3) State of the Water Supply Update:** A second annual water supply event will take place late August/early September. **4) DWR Statement of Charges:** A review of the Statement of Charges will take place at the July 25th Finance and Budget workshop. General Manager Davis provided a summary of the charges.

B. General Counsel Report: General Counsel Jeff Ferré reported on the SWRCB proposed regulations that will be issued regarding new fees for its operations. Fees will be implemented to both water retailers and water wholesalers.

C. Directors Reports: **1) Director Melleby** stated that she attended the SGPRWA meeting on June 27th; a report will be given during item 6C. **2) Director Melleby** informed the Board that on June 30th a new California Water Fix Fast Facts was released. The Fast Facts provide important updated information on the benefits and cost of the proposed project. To view go to www.californiawaterfix.com. **3) Little Hoover Commission:** On Thursday, August 25, the Little Hoover Commission will conduct a hearing on special districts in the State Capitol; the last hearing took place in May of 2000. Director Melleby stated that the commission investigates state government operations and promotes efficiency, economy, and improved services through reports, recommendations, and legislative proposal.

6. New Business: (Discussion and Possible Action)

A. Consideration of General Fund Budget for Fiscal Year 2016-2017: A staff report and financial materials were included in the agenda packet. General Manager Davis stated that this item was discussed during the Finance and Budget workshop on June 27th. He reviewed the final changes with the Board. The total proposed expenditures are \$6.62 million. Total revenues, including the transfer from reserves, are \$6.667 million. The Budget as proposed is balanced, with a net balance of \$45,450. Eric Fraser (General Manager, BCVWD) voiced his concerns pertaining to the cost of a Programmatic EIR vs. a regular one. He also had issues pertaining to the study to identify new sources of water, including specific pricing. He also commented on the capacity in the Foothill pipeline. General Manager Davis responded to Mr. Fraser's concerns. After discussion, Director Stephenson made a motion, seconded by Director Melleby, approving the proposed General Fund Budget for Fiscal Year 2016-2017 of \$6,620,550, including withdrawal of \$300,000 from the new Water Reserve to fund Phase 1 studies for the Sites Reservoir project. *Motion passed 7-0.*

B. Consideration to Contract with Provost & Pritchard to Perform Study Identifying New Sources of Water: A staff report and a proposal to provide consulting services from Provost & Pritchard were included in the agenda package. The purpose of this proposed action is to contract with Provost & Pritchard to perform an updated study for long-term water rights opportunities available in 2016. (The last study was performed in 2013). General Manager Davis provided an accounting of past studies that identified new sources of water. General Manager Davis provided background information and qualifications of Provost & Pritchard. After discussion, Director Stephenson made a motion, seconded by Director Duncan, authorizing the General Manager to enter into an agreement with Provost & Pritchard. *Motion passed 7-0.*

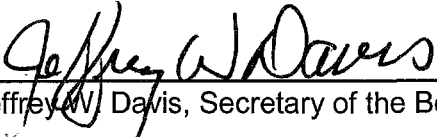
C. Discussion Regarding Potential Participation in Integrated Regional Water Management Plan (requested by Director Melleby): Director Melleby provided a PowerPoint presentation pertaining to the OWOW model 2.0 Plan. She explained the need of creating an IRWMP, stating that this would allow SGPRWA's retailers that are not part of any other IRWMP the ability to apply for grants to bring in outside funding into the area. The purpose of today's discussion is to determine if the Agency is willing to commit funds to implement an IRWMP. The first phase is to hire a consultant to write a proposal, at a cost of approximately \$60,000. General Manager Davis stated that if an IRWMP is formed for the portion of the Agency's service areas that is not within the Santa Ana Watershed it would give the Agency and water retailers the ability to obtain outside grant funding for future projects for said service areas. After discussion, Director Melleby made a motion, seconded by Director Dickson, directing staff to inform the Alliance that the Agency is interested in pursuing this matter further in concept and to bring back any formal funding commitment to the Board for consideration. *Motion passed 7-0.*

D. Discussion of Director Division Boundaries (requested by Director Fenn): President Jeter referred this discussion to Director Fenn. Director Fenn stated that this item is for discussion only and that it ties into item 6E. Director Fenn questioned how often the division boundaries can be changed. General Manager Davis stated that it could be changed as often as the Board wished, however in the past the Agency has taken this item under review once the U.S. Census population data is available. Director Fenn reviewed the Board's representation for the Agency's boundaries. He suggested that the Board consider the boundaries from time-to-time given that there is new growth within the area continuously. He stated that one of the water districts within the boundaries felt that there would be no representation for its area should the board be reduced from seven to five members. Director Fenn stated that representation as it currently stands is balanced. General Counsel Ferre stated that changing the boundaries is a vast undertaking and that the Agency would have to comply with legal requirements. He reiterated that the U.S. Census provides the most accurate data; however, that does not mean that the boundaries could not be changed by the Board at any given time.

E. Discussion of Reduction in Board Size (requested by Director Duncan): President Jeter referred this discussion to Director Duncan. Director Duncan stated that a number of people (general public and water retailers) have approached him questioning why the Board is reducing its board members from seven to five. He stated that the Board did so because of the financial savings. After speaking to the individuals he was told that they did not feel that the financial component should overtake the representation aspect and that they were against the decision to reduce the board.

Director Duncan provided a financial accounting of what has been spent on hiring a lobbyist to reduce the board size and potential future costs. He also provided financial accounting of the stipend for two at-large directors and election costs. He stated that the Agency has since implemented cost reductions and has a better investment portfolio. These two components help with the cost for retaining the two at-large positions. The main reason for bringing this discussion to the board is that he does not feel comfortable reducing the board size after speaking to his constituents. Directors Stephenson, Fenn, Dickson and President Jeter provided their input on why the board size should not be reduced. Director Ball provided in detail why the Board should continue on the path of reducing the board size. Director Melleby was also in favor of continuing with the process of reducing the board size. After discussion, it was recommended to place on the July 18th Board agenda an item to reconsider the resolution reducing the board from seven to five, and a separate item to terminate or suspend the lobbyist services. General Counsel Ferre will report back to the Board on the process of placing this item on the ballot, should the Board decide to go this path.

7. **Topics for Future Agendas:** In addition to the requested items in 6E Director Fenn requested a review of the Director's stipend meeting attendance; specifically what types of meetings constitute compensation. This item will be discussed at the next Finance and Budget workshop.
8. **Announcements:** *President Jeter reviewed the following announcements:*
 - A. Engineering/Allocation Workshop, July 11, 2016 at 4:00 p.m.
 - B. Regular Board Meeting, July 18, 2016 at 7:00 p.m.
 - C. Finance and Budget Workshop, July 25, 2016 at 4:00 pm
9. **Adjournment:** *President Jeter adjourned the meeting at 9:02 p.m.*



Jeffrey W. Davis, Secretary of the Board